MANAGEMENT BY OBJECTIVES

A Research Paper

Presented to the

United States Army Chaplain School

Fort Hamilton, New York

In Partial Fulfillment

of the Requirements for Graduation

by

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December 1973

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DEFINITION

The concept of management is found in almost every situation in which two or more people act or react; viz., the family, school, church, business, club, or the Army. Whether it be simple or complex, some form of management applies. Due to the many varieties of management in the Armed Forces, the Chief of Chaplains recently stated,

> My office will continue to decentralize activities of the chaplaincy to the degree that a dynamic and broad span of programs are initiated by field commands....This gives the post chaplain unprecedented flexibility and I expect each staff chaplain to manage his own program.[1]

Management is understood as being many different approaches to a system of organization. Management could realistically be a combination of personal and administrative skills; and as such could be taught to, and learned by, most individuals who are placed in managerial positions.

> Management must be considered from the dual viewpoint of the manager and of the people in the organization he directs.[2]

A post chaplain could achieve certain objectives through the application of management by objective (MBO) techniques. In suggesting that MBO be adopted at an installation is not to say the previous management principles have

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[1]Chief of Chaplain's Newsletter, 1 June 1973.

[2]USACHS Student Handout, Management, 1972, p. 1.

not been effective. Chaplains have accomplished their tasks through people who work together. MBO provides a more effecient system to handle new situations. Drucker suggests MBO

> ...would give a full scope to individual strengths and responsibility, and at the same time give common direction of vision and effort, establish teamwork and harmonize the goals of the individual with the common weal.[3]

MBO appears to be a four-pronged approach to successful management as outlined below.

> And is a process by which the members of an organization jointly establish their goals. Each member, with assistance from his superior, defines his area of responsibility; sets objectives that clearly state the results expected of him; and develops performance measures that can be used as guides for managing his unit and that will serve as standards for evaluating his contribution to the organization.[4]

From the Army Comptroller comes this definition of MBO.

> MBO is a process whereby the superior and subordinate managers of an organization jointly identify its common goals; define each individual's major area of responsibility in terms of expected results, and use these measures as a guide for operating the unit and assessing the contribution of each of its members.[5]

MBO lists planning, organizing, staffing, leading, and controlling as the functions of management. This parallels the five functions of management in Army terms as

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[3]Peter F. Drucker, The Practice of Management, (New York and Evanston: Harper and Row, 1954), pp. 135-136.

[4]William E. Reif and Gerald E. Bassford, "What MBO Really Is," Business Horizons, June, 1973, p. 26.

[5]Dudley C. Mecum II, "Management by Objectives," Army Comptroller, World/Summer, 1973, p. 31.

planning, coordinating, controlling, directing, and organizing. These are so close no distinction will be made except to place the components of MBO and the functions of management as follows:

Setting objectives-----Planning, Organizing

Developing action plans--------Coordinating

Periodic review----------Controlling

Annual Performance----------Direction

Although there appears to be some overlap, the basic ideas of the civilian philosophy of management versus the U. S. Army philosophy of management are the same. The basic techniques as described above can be adopted for use on any installation. In order to reach a balanced effort at an installation, the Chief of Chaplain's five-year plan would be an asset in determining short- and long-range goals.

Drucker states:

> Management by "crisis" and "drives" is ruled out by a balanced stress on objectives.[6]

Robert McNamara, while serving as Secretary of Defense, championed management by objectives and said,

> have an objective in mind before making up your mind, get all the relevant facts, identify the problem (and its causes), develop some solutions with options. Predict the effect and screen your options through criteria. Set up some controls to assure that your decisions will work. Get acceptance of your decisions.[7]

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[6]Drucker, op. cit., p. 127.

[7]George S. Odiornes, Management Decisions by Objectives, (Englewood Cliffs, N. J.: Prentice Hall, Inc., 1969), p. 19.

STEPS IN ACHIEVING MBO

PLANNING

It appears that goals and objectives are the major tenets of the first step of planning. Hughes says that "goals derive from purpose, which in turn derive from needs."[8] He goes on to say that managers have the challenge of being individuals and of arranging the world of work so that their employees man be individuals.

This introduces the theory that setting of objectives could have an effect on the morale of an individual. If the supervised and the supervisor establish the goals jointly, there is motivation in accomplishing that goal.

Reif and Bassford, in an article in Business Horizons, are credited with the following guidelines which have been adapted to relate to the chaplain and his mission.

1. Objectives should be related to the needs of the chaplain, and should support the goals of the military.
2. Objectives should be clear, concise, and realistic.
3. Objectives should be measurable and quantified whenever possible.
4. Objectives should be guides to action; they should state what to achieve and how to achieve it.
5. Objectives should be ambitious enough to offer a challenge and be reachable by most chaplains.
6. Objectives should take into consideration internal and external restraints; that is,

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[8]Charles L. Hughes, Goal Setting, (USA: American Management Association, 1965), p. 13.

any factor not subject to control by the men responsible for the results.

7. Setting objectives is a joint undertaking and should be mutually agreed-upon by the responsible individual and his superior.[9]

DEVELOPING ACTION PLANS

The development of action plans is often deleted by management. A manager has the responsibility for identifying the steps involved in planning. The necessary tools and activities must be outlined and specific responsibilities assigned. Available resources are made known, and an estimated time for completion of the task is proposed.

It appears that a major cause of ineffectiveness in our management systems stems from improper motivation. Pearson says,

> There are four weaknesses in executive leadership; a lack of drive, a deficiency of imagination, lack of common sense, and the inability to communicate.[10]

PERIODIC EXAMINATION

Using MBO as a tool for motivation as well as measuring performance is, in effect, making a periodic examination. Uris says, "MBO is a substitute for and successor to traditional merit-rating and performance appraisal methods. It can be utilized as a tool for

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[9]Reif and Bassford, op. cit., p. 26.

[10]Roy Pearson, "Where Do We Go From Here?," Army Management School Pamphlet, 1967, p. 11.

motivating and measuring individual performance."[11]

A system to monitor performance is essential for getting the job done and to determine if the action taken will achieve the results expected.

> Two basic components of a good control system are standards against which to measure performance and feed-back information that keeps organizational members appraised of progress toward objectives and reports significant deviations from standards.[12]

It is assumed that people will perform with maximum effectiveness only if they are aware of the objective, the real purpose in their work, and how well the work is accomplished in relation to the objective.

In the use of pure MBO the objective would serve as a standard for a measurement of performance.

> Good performance is defined as the individual's ability to get results; and he is evaluated on the basis of progress being made....Feed-back information is reflected in the principle that "motivation to accomplish results tends to increase as people are informed about matters affecting those results."[13]

A periodic examination will, in effect, provide the sontrols an Army manager needs. This will enable him to know where he is at all times in relation to the mission to be performed, and the stated objectives of the supervised as well as the supervisor.

It seems that rating, order-of-merit listing, or evaluation have been a vital part of the industrial revolution. A person is measured against his peers and

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[11]Auren Uris, Mastery of Management, (Homewood, Ill.: Dow-Jones_Irwin, Inc., 1969), p. 166.

[12]and[13]Reif and Bassford, op. cit., p. 28.

oftentimes this becomes a value judgment. The concept surrounding MBO is that the appraisal is vital to the organization. Human behavior and motivation are increased because everybody knows how he is measuring up to the standards that were established for the particular task.

PERFORMANCE APPRAISAL

The annual performance appraisal is two-fold: to review and evaluate what has been done, and to begin preparing for the next year. It is cyclical in nature, and as one cycle is completed, another is begun.

The annual performance appraisal differs from a periodical review in that it is a holistic approach to the individual's performance. The first task is to review the mutually-agreed upon objectives that the individual is responsible for. The actual results are determined and a measure of results against predetermined performance standards is observed. Any significant deviations from the standards must be noted. If the objective has not been met, a concentrated effort should determine the reason. It is reasonable to believe that an individual may have misunderstood the nature of the task.

Research indicates that poor performance can be reduced if MBO is understood and practiced. It is distasteful to tell an employee his performance does not meet certain criteria, particularly if that criteria exists only in the mind of the manager.

Conant, in discussing the topic of performance

appraisal, suggests that performance appraisal as a criticism of performance will fail because of the sensitive and natural inclination of man to resist change. He states, further, that no documentation supports the proposition that performance appraisals work. The best alternative to date is the MBO approach. People need to be treated as people in any system or it will fail.[14]

The advantages of MBO, according to Reif and Bassford, are as follows:

1. Improved management performance: to improve the way managers manage. Measurements of workers' performance and managers' ability is built into the system.
2. Improved planning: each individual in the organization knows where he is headed, how the objectives are to be achieved, and the results expected.
3. Improved coordination: objectives seem to bring people closer together in working as a team. Contributions to an organization are effective because managers are concerned about individual progress.
4. Improved control: MBO is concerned with the whole concept of the organization and not just with production.
5. Improved flexibility: a deviance from standards can be known early in the program. Changes anticipated in developing action plans provide a built-in flexibility not experienced in other forms of management.
6. Improved relationships between supervisor and supervised: there is freedom to make decisions that affect the job.[15]

These guides are supportive of the functions of management and can be achieved through application of MBO techniques.

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[14]James C. Conant, "The Performance Appraisal," Business Horizons, June 1973, p. 78.

[15]Reif and Bassford, op. cit., pp. 29-30.

CONCLUSIONS

The practical application of the MBO system at a particular installation would need to be introduced and taught at all levels; the enlisted training branch, the non-resident branch, the reserve chaplains, and the supervisory chaplains. Under the direction of the Chaplain School and the U. S. Army Chaplain Board, a training program could be implemented at each installation.

The concepts of the group process would enable an installation to set the objectives for the post, and use the Chief of Chaplain's five-year plan to develop short- and long-range goals for the installation. The four basic components of the MBO system would be the critical areas in the instruction; i. e., setting objectives, developing action plans, conducting periodic reviews, and an annual appraisal.

A real value of MBO lies in the "ownership" of the program by the individual. He has a vested interest in what is going on rather than doing a task because somebody in authority said to do it.

Another value seems to be in the committment due to an individual's participation. The emphasis of "ownership" could be achieved in these areas; budget and fiscal management, schools and special training for the chaplains, and in all phases of religious education. How often the religious education program is the program of the Religious Education

Chaplain, and no one else wants to play a part in it. MBO would preclude this due to the idea or principle of ownership.

Drucker states that MBO

> ...rests on a concept of human action, human behavior, and human motivation....It insures performance by converting objective needs into personal goals. And this is genuine freedom, freedom under the law.[16]

The research on this topic suggests the religious program at all installations would be enhanced by a sounder program of management. MBO appears to have the built-in potential to uplift the Chaplain's program and make it innovative and bring greater spiritual life to the members of the particular command.

It is suggested that within the Chaplain Division, the MBO concept of performance appraisal could replace the present OER system.

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[16]Drucker, op. cit., p. 136.

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